

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 6230

BILL NUMBER: HB 1035

NOTE PREPARED: Nov 4, 2004

BILL AMENDED:

SUBJECT: Indemnification clauses in construction contracts.

FIRST AUTHOR: Rep. Torr

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: X GENERAL
DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill expands the prohibition against construction or design contracts indemnifying a promisee against liability to account for comparative fault.

Effective Date: July 1, 2005.

Explanation of State Expenditures: The impact of this bill on state contracting costs is expected to be minimal.

Background: This bill amends current law as it relates to construction and design contracts. Under the bill, contract provisions that purport to shield a contractor against paying claims for *any* level of negligence for damages or a design fault are void and unenforceable. This change is in contrast to current law which voids only those contract provisions which purport to protect the contractor against *sole* negligence for damages and design faults.

Explanation of State Revenues:

Explanation of Local Expenditures: Any impact on local governmental entities' contracting costs is expected to be minimal.

Explanation of Local Revenues:

State Agencies Affected: Department of Administration; Entities that contract for construction and design

services.

Local Agencies Affected: Entities that contract for construction and design services.

Information Sources:

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